

0968 California Tax Credit Allocation Committee

The mission of the California Tax Credit Allocation Committee (CTCAC) is to fairly allocate federal and state tax credits to create and maintain safe quality affordable rental housing for low-income households in California by forming partnerships with developers, investors and public entities.

CTCAC works in public/private partnerships to assist with project development, while fulfilling its responsibilities as a credit agency through project compliance monitoring. CTCAC coordinates its functions with state and local housing fund providers and with private fund investors, when providing and maintaining quality, affordable housing.

The CTCAC consists of seven members, including the Treasurer who is designated as chairman, the Governor or Director of Finance, the State Controller, the Director of the Department of Housing and Community Development, the Executive Director of the California Housing Finance Agency, and two local government representatives.

3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
0840 California Tax Credit Allocation Committee	37.6	40.0	40.0	\$5,952	\$6,835	\$7,123
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	37.6	40.0	40.0	\$5,952	\$6,835	\$7,123
FUNDING				2013-14*	2014-15*	2015-16*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account				\$3,782	\$4,212	\$4,380
0457 Tax Credit Allocation Fee Account				2,068	2,513	2,633
0995 Reimbursements				102	110	110
TOTALS, EXPENDITURES, ALL FUNDS				\$5,952	\$6,835	\$7,123

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Internal Revenue Code Section 42; California Health and Safety Code Sections 50199.4 through 50199.22; and California Revenue and Taxation Code Sections 12205, 12206, 17057.5, 17058, 23610.4, and 23610.5; Federal Tax Reform Act of 1986, Section 252 of Public Law No. 99-514 (October 22, 1986); Chapter 658, California Statutes of 1987, as amended; Chapter 1138, California Statutes of 1987, as amended; Internal Revenue Code, Title 26, Subtitle A, Chapter 1, Subchapter X, Section 1400E et seq., as amended.

DETAILED BUDGET ADJUSTMENTS

	2014-15*			2015-16*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Pro Rata	\$-	\$-	-	\$-	\$280	-
• Retirement Rate Adjustments	-	77	-	-	79	-
• Salary Adjustments	-	50	-	-	51	-
• Benefit Adjustments	-	21	-	-	24	-
• Miscellaneous Baseline Adjustments	-	-	-	-	-	-
Totals, Other Workload Budget Adjustments	\$-	\$148	-	\$-	\$434	-
Totals, Workload Budget Adjustments	\$-	\$148	-	\$-	\$434	-
Totals, Budget Adjustments	\$-	\$148	-	\$-	\$434	-

PROGRAM DESCRIPTIONS

0840 - CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

The Federal Low Income Housing Tax Credit Program:

Congress authorized the federal program in 1986. It replaced traditional housing tax incentives, such as accelerated depreciation, with a tax credit that enables developers of affordable rental housing to raise project equity through the "sale" of tax benefits to investors.

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† Past year appropriations are net of subsequent budget adjustments.

0968 California Tax Credit Allocation Committee - Continued

As of 2014, each state has an annual housing credit ceiling of \$2.30 per state resident, and may qualify for a share of credits available annually in a national pool comprised of states' unused credits. The annual housing credit ceiling is indexed for inflation. Investors can take the annual credit against their federal income tax liability each year for a ten-year period.

The State Low Income Housing Tax Credit Program:

Recognizing the high cost of developing housing in California, the California Legislature authorized the State Low Income Housing Tax Credit Program to augment the federal tax credit program. Specifically, projects that are not receiving an increase in their federal tax credit basis may apply for and receive state tax credits. However, an exception to this rule is in place for projects serving Special Needs populations (as defined in Section 10325 of the CTCAC regulations). Those projects may apply for and receive state tax credits even if they are receiving an increase in their federal tax credit basis. The project's "eligible basis" is the portion of the total project cost that is used to calculate the amount of the tax credit.

Of the state credit authority amount, \$500,000 annually is available as credit for farmworker housing projects.

The annual state credit ceiling is currently \$93.2 million, indexed for inflation (in addition to any unused or returned credits from previous years). Investors take the state credit over a four-year period in contrast to the ten-year federal allocation period. The full four-year state credit allocated to a project is deducted from the annual state credit ceiling.

Tax-Exempt Bond Financed Program:

Developments financed with tax-exempt bond proceeds may also receive federal tax credit. The sponsors of such projects must apply to the Committee and must conform to applicable federal and state statutory and regulatory requirements, but there is no annual "cap" on the amount of credit that may be awarded by the state to such developments. The annual credit available is based on approximately four percent (instead of the nine percent for projects that are not financed with tax-exempt bond proceeds) of the "qualified basis" of the development. Qualified basis includes those costs attributable to the units that will be income and rent restricted for a minimum of 30 years.

Under federal law, credit projects must remain affordable for at least 30 years; however, California's program generally requires maintaining affordability for 55 years. Land use agreements are recorded against each credit project to ensure compliance.

Farmworker Housing Tax Credit Program:

Chapter 521, Statutes of 2008 (SB 1267) folded the previous Farmworker Housing Assistance tax credits into the general state low-income housing tax credit program. While \$500,000 annually continues to be authorized for state tax credits in support of farmworker housing, the program now operates under the rules of the general state low-income housing tax credit program.

DETAILED EXPENDITURES BY PROGRAM

	<u>2013-14*</u>	<u>2014-15*</u>	<u>2015-16*</u>
PROGRAM REQUIREMENTS			
0840 CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE			
State Operations:			
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$3,782	\$4,212	\$4,380
0457 Tax Credit Allocation Fee Account	1,876	2,323	2,443
0995 Reimbursements	<u>102</u>	<u>110</u>	<u>110</u>
Totals, State Operations	\$5,760	\$6,645	\$6,933
Local Assistance:			
0457 Tax Credit Allocation Fee Account	<u>\$192</u>	<u>\$190</u>	<u>\$190</u>
Totals, Local Assistance	\$192	\$190	\$190
TOTALS, EXPENDITURES			
State Operations	5,760	6,645	6,933
Local Assistance	<u>192</u>	<u>190</u>	<u>190</u>
Totals, Expenditures	\$5,952	\$6,835	\$7,123

EXPENDITURES BY CATEGORY

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

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0968 California Tax Credit Allocation Committee - Continued

1 State Operations	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	37.6	40.0	40.0	\$2,340	\$2,515	\$2,515
Total Adjustments	-	-	-	-	49	51
Net Totals, Salaries and Wages	37.6	40.0	40.0	\$2,340	\$2,564	\$2,566
Staff Benefits	-	-	-	1,010	1,195	1,200
Totals, Personal Services	37.6	40.0	40.0	\$3,350	\$3,759	\$3,766
OPERATING EXPENSES AND EQUIPMENT				\$2,410	\$2,880	\$3,161
SPECIAL ITEMS OF EXPENSES				-	6	6
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$5,760	\$6,645	\$6,933

2 Local Assistance	Expenditures		
	2013-14*	2014-15*	2015-16*
Grants and Subventions - Governmental	\$192	\$190	\$190
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$192	\$190	\$190

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2013-14*†	2014-15*	2015-16*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$3,846	\$4,116	\$4,380
Allocation for employee compensation	-	32	-
Allocation for staff benefits	-	14	-
Section 3.60 pension contribution adjustment	-	50	-
Totals Available	\$3,846	\$4,212	\$4,380
Unexpended balance, estimated savings	-64	-	-
TOTALS, EXPENDITURES	\$3,782	\$4,212	\$4,380
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,259	\$2,266	\$2,437
Allocation for employee compensation	-	17	-
Allocation for staff benefits	-	7	-
Section 3.60 pension contribution adjustment	-	27	-
Health and Safety Code Section 50199.9(b)	-	6	6
Totals Available	\$2,259	\$2,323	\$2,443
Unexpended balance, estimated savings	-383	-	-
TOTALS, EXPENDITURES	\$1,876	\$2,323	\$2,443
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$102	\$110	\$110
TOTALS, EXPENDITURES	\$102	\$110	\$110
Total Expenditures, All Funds, (State Operations)	\$5,760	\$6,645	\$6,933

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0968 California Tax Credit Allocation Committee - Continued

2 LOCAL ASSISTANCE	2013-14*†	2014-15*	2015-16*
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
Health and Safety Code Section 50199.9(b)	\$192	\$190	\$190
TOTALS, EXPENDITURES	<u>\$192</u>	<u>\$190</u>	<u>\$190</u>
Total Expenditures, All Funds, (Local Assistance)	<u>\$192</u>	<u>\$190</u>	<u>\$190</u>
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$5,952	\$6,835	\$7,123

FUND CONDITION STATEMENTS

	2013-14*	2014-15*	2015-16*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$19,300	\$20,965	\$22,398
Prior Year Adjustments	16	-	-
Adjusted Beginning Balance	\$19,316	\$20,965	\$22,398
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129200 Other Regulatory Fees	5,401	5,600	5,700
4163000 Investment Income - Surplus Money Investments	47	47	47
Total Revenues, Transfers, and Other Adjustments	<u>\$5,448</u>	<u>\$5,647</u>	<u>\$5,747</u>
Total Resources	\$24,764	\$26,612	\$28,145
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	3,782	4,211	4,379
8880 Financial Information System for California (State Operations)	17	3	7
Total Expenditures and Expenditure Adjustments	<u>\$3,799</u>	<u>\$4,214</u>	<u>\$4,386</u>
FUND BALANCE	\$20,965	\$22,398	\$23,759
Reserve for economic uncertainties	20,965	22,398	23,759
 0457 Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$8,972	\$11,855	\$14,208
Prior Year Adjustments	84	-	-
Adjusted Beginning Balance	\$9,056	\$11,855	\$14,208
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129200 Other Regulatory Fees	4,802	4,800	4,800
4163000 Investment Income - Surplus Money Investments	68	68	68
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	3	-	-
Total Revenues, Transfers, and Other Adjustments	<u>\$4,873</u>	<u>\$4,868</u>	<u>\$4,868</u>
Total Resources	\$13,930	\$16,723	\$19,076
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	1,873	2,323	2,442
0968 California Tax Credit Allocation Committee (Local Assistance)	192	190	190
8880 Financial Information System for California (State Operations)	10	2	4
Total Expenditures and Expenditure Adjustments	<u>\$2,075</u>	<u>\$2,515</u>	<u>\$2,636</u>
FUND BALANCE	\$11,855	\$14,208	\$16,440
Reserve for economic uncertainties	11,855	14,208	16,440

CHANGES IN AUTHORIZED POSITIONS

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0968 California Tax Credit Allocation Committee - Continued

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
Totals, Authorized Positions	37.6	40.0	40.0	\$2,340	\$2,515	\$2,515
Salary and Other Adjustments	-	-	-	-	49	51
Totals, Adjustments	-	-	-	\$-	\$49	\$51
TOTALS, SALARIES AND WAGES	37.6	40.0	40.0	\$2,340	\$2,564	\$2,566

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